

# Victorian Co-operative News

Co-operative Federation of Victoria Ltd

– November / December 2001 –

FROM THE EXECUTIVE OFFICER'S DESK

## AGM and luncheon

### By Graeme Charles

This year, our annual general meeting (AGM) and luncheon will be held on Thursday, December 13.

Its focus will be on recognising members who have joined the Federation since the last AGM.

New members will be presented with a certificate in recognition of their demonstrated support of the co-operative principle of 'co-operation among co-operatives' and invited to tell the gathering about their co-operative.

Members who have joined the Federation this year include: Southern Agricultural Producers Co-operative; Warrnambool Co-operative Society; Pyrenees Store Co-operative; Pyrenees Hay Processor's Co-operative; Active Learning & Communication Co-operative; North East Flower Growers Co-operative; and North East Rural Education Project Co-operative.

A quick glance at the above list shows us the wide range of activities involving co-operatives.

What they have in common is that they are all co-operatives; that is why the Federation is helping its members think about co-operative members, management and director education.

### AGM speakers

I am delighted to announce that social commentator, **Reverend Tim Costello**, will be addressing the AGM/luncheon. Co-operative historian, **Greg Brinsmead**, will look at the history of co-operative butter factories in Victoria and **Brian Given** from the NSW Department of Fair Trading will provide an overview of proposed changes to co-operatives legislation.

This interesting range of speakers will, I am certain, give you an added reason to consider joining fellow co-operatives at this celebration of co-operation.

### Election of directors

The main business of the AGM will be the election of two directors to serve on the Federation's board.

Retiring directors, **David Griffiths**, **Niel Black** and



**Tony O'Shea**, have re-nominated, and I expect to receive one or two other nominations.

As a result, Federation members will find themselves in the healthy position of having several nominations from which to elect two directors.

### Directors seminar

The Monash University/Co-operative Federation of Victoria Agribusiness Co-operative Directors Seminar seems to be growing in popularity each year.

This year, about 80 agribusiness co-operative directors and managers attended the seminar on November 3 and 4.

Victorian co-operatives represented were Murray-Goulburn Co-operative Co.; Bonlac Foods; Warrnambool Co-operative Society; Herd Improvement Co-operative (Maffra); Demo Dairy Co-operative; Timboon Herd Improvement Co-operative; Tatura Milk Industries; Southern Agricultural Producers Co-operative; Warrnambool Cheese & Butter Factory; and Rupnorth Co-operative.

The seminar was also attended by representatives of co-operatives from New Zealand, NSW, Queensland, Western Australia and Ireland.

A focus of the seminar was the growth of co-operatives and the need for capital raising, particularly external capital raising.

David Williams of Challenger International Group told the seminar, "when it comes to discussing capital-raising issues, a lot of mumbo-jumbo is talked".

His experience suggests that members of co-operatives will generally be prepared to provide the necessary capital when they understand how important the co-operative is to them.

This understanding can be developed through 'bonding' mechanisms, such as encouraging members to talk to the co-operative.

"The members of co-operatives, unlike the shareholders of a public company, know the co-operatives' business," Mr Williams said. "Management must harness this co-operative strength and also be aware that they are a service provider."

Mr Williams message was perhaps delivered a little more bluntly than that of **Onno-Frank van Bakkum**

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from Nyenrode University in the Netherlands.

While discussing the topic *Matching Structure and Strategy for Co-operative Growth*, he told his audience that “particular incentives are required to attract internal capital”.

I can think of no better incentive than showing members that their co-operative is meeting their needs, which is exactly what David Williams said.

During the round-table discussion that brought the seminar to an end, I was encouraged to hear **Lui Raiteri**, deputy chairman of the Prosepine

Co-operative Sugar Milling Association, in Queensland, talking about leaving a co-operative in a stronger position than that in which you found it.

That is exactly what it is all about for the directors and members of Proserpine – ensuring that every decision leads to a stronger co-operative.

How refreshing to hear those sentiments expressed so forcefully and with obvious conviction.

Is there a message here that could be put to good use by other co-operatives? I believe there is, and encourage all of you to think long and hard about it.

## CHAIRMAN'S REPORT

# A bird in the hand is worth two in the bush

## By David Griffiths

The headline is apt when thinking about the activities and achievements of the Co-operative Federation of Victoria – apt because sometimes we are prone to focus on the ‘two birds in the bush’ (what has not been achieved by the Federation) rather than the ‘bird in the hand’

(what has been achieved by the Federation).

It is important to be realistic about our activities and achievements, but there are two key, inter-dependent dimensions to being realistic.

First, there is the global reality – the challenges we face in representing and advocating the co-operative option and the reality that our ability to impact is culturally, politically and economically constrained and limited by our resources.

Second, there is the local reality of what we can do and achieve with existing resources and whether we are increasing our efficiency and effectiveness and being smarter.



Agribusiness for the Agribusiness Co-operative Directors Seminar.

- Publication of *The Co-op Start-Up Manual*. A free copy of the kit was provided to each member co-operative requesting a copy. Additional copies for members and copies for non-members are sold for \$65 each.
- The continued partnership with Words in Time for the publication of the *Victorian Co-operative News* and the provision of *National Co-op Update* to members. The approximate monetary value is \$150 to each member.

## New members

During 2000/01 we welcomed 10 new members:

- Active Learning & Communication Co-operative
- Australian Alpaca Co-operative
- North East Flower Growers Co-operative
- North East Rural Education Project Co-operative
- Pyrenees Hay Processing Co-operative
- Pyrenees Store Co-operative
- Skills Net Assoc. Co-operative
- South East Housing Co-operative
- Southern Agricultural Producers Co-operative
- Warrnambool Co-operative Society

## A year of progress

I would like, therefore, to identify the reality of our actual activities and achievements this year:

- Publication of the Co-opAdvantage Developing Directors of Co-operatives kit and development of a workshop program. The kit is available to members at a discount – \$100 for a single copy compared with \$150 for non-members.
- A continued partnership with Monash University

## Strategic alliances

Strategic alliances make sense when there is mutual benefit and when an alliance can make a difference between doing something and achieving more. We are involved, therefore, in these strategic alliances:

- Insurance alliance – Co-operative Purchasing Services approached the Federation with a new insurance service and we are pleased to work with CPS on this.

- Information alliance – We have initiated co-production of the *Victorian Co-operative News* (VCN) with Words in Time. VCN is now published along with *National Co-op Update*.
- Energy alliance – We continue to work with Co-operative Energy.
- Education and training alliance – our work with the Active Learning & Communications Co-operative.
- Internet alliance – our work with the North East Telecommunications Co-operative.
- International alliance – We have liaised with the International Co-operative Alliance Regional Office for Asia and the Pacific in an exchange of information and hosting co-operative visitors. It is regrettable, however, that our budget precludes membership.

The key elements of an appropriate strategic alliance are mutual benefit, complementarity, co-operativeness and reliability.

## Conclusion

In conclusion, I would like to acknowledge:

- Consumer and Business Affairs Victoria – for its continued funding of the Co-opAdvantage Kit and Workshops and the VCN;
- the Department of Natural Resources and Environment for funding *The Co-op Start-Up Manual*;
- Co-operative Purchasing Services – for its continued support in allowing the Federation to hold board meetings at its offices;

- Latrobe University – for allowing us to establish and maintain an office on its Beechworth campus;
- Monash University Agribusiness for the continued development of the Agribusiness Co-operative Directors Seminar, particularly **Dr Lawrence Dooley**; and
- **John Gill** for his work in supporting and developing the Monash University Agribusiness Co-operative Directors Seminar.

I expect that the next 12 months will see further progress and a continued broadening of our income base. As I reported in 1999/2000, we are in the process of creating and developing a base of value-adding services.

During 1999/2000, our first significant value-adding service was the professionalisation of VCN and providing *National Co-op Update* to all members.

During 2000/01, there were two new value adding services – the Co-opAdvantage Developing Directors of Co-operatives training kit and workshop program and publication of *The Co-op Start-Up Manual*. Over the next 12 months, there will be at least one more value-added services – a Co-opNet web site.

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## Tim Costello to address federation's AGM

The Co-operative Federation of Victoria is delighted to announce that the **Reverend Tim Costello** will be the keynote speaker at its annual general meeting on December 13.



Ordained a Baptist minister in 1987, Tim rebuilt the congregation at the St Kilda Baptist Church, opened a drop-in centre and worked in a legal practice for those for whom the law is normally inaccessible.

As Mayor of St Kilda Council in 1993, he became well-known for championing the cause of local democracy.

In 1995, he was appointed director of the Urban Mission Unit (UMU), a Christian not-for-profit organisation created in response to concern among city churches about homelessness, drug abuse and

the marginalisation of the city's street people.

UMU offers hospitality to those at the margins of society, providing a network among street kids, outreach to the disadvantaged and a lunch program which feeds around 40-50 people each day.

As director, Tim has been the embodiment of UMU's objective to engage society on the critical moral, spiritual, social and cultural issues of our time.

For a number of years now, he has been Australia's leading voice on issues such as urban poverty, homelessness, problem gambling, reconciliation and substance abuse.

Tim is a spokesperson for the Interchurch Gambling Taskforce, a member of the Australian Earth Charter Committee, a council member of the Australian Centre for Christianity and Culture, and a former ambassador for the Council for Aboriginal Reconciliation.

In November 1999, he assumed the responsibilities of national president of the Baptist Union of Australia.

# Southern Agricultural Producers Co-operative

Southern Agricultural Producers Co-operative (SAPCo) was an initiative of the South West Prime Lamb Group (SWPLG), which formed in 1994 and has around 60 members.

Under the guidance of SWPLG's managing committee, improved productivity was initially the focus. However, by 1998, members were looking for a better method of marketing their prime lambs.

In late 1998, SWPLG ran a marketing trial to determine members' interests and assess available opportunities.

Following the success of that trial and extensive research and planning, SAPCo was formed in December 1999.

While SAPCo was initiated by SWPLG, it is run as a commercial business, independent of SWPLG.

## Why a co-operative?

A lot of time was spent looking for the best structure to suit our business. Being non-dairying, few of us had had much exposure to

co-operatives, but we were fortunate to tap into the extensive experience of **Bill Quinlan**, the former CEO of the Warrnambool Co-operative, who was always available to answer our questions.

We were about producers taking more control, so the co-operative structure suited this aim.

SAPCo has 36 members.

There has been a steep learning curve for our six producer directors. Following a skills audit of the board, an external director with business management and financial skills was appointed.

## Business is booming

We have just completed our second year of trading with a throughput of \$2m (up about 50% on our first year of trading).

Our core business is to market prime lambs on behalf of members. All lambs are individually assessed and targeted to meet our customer's specifications.

For nearly all sales, we have achieved above market price and

expect this to improve as we build up critical mass and become recognised in the market place.

We offer our members an alternative method of marketing their livestock and being rewarded for what they produce.

We have also developed comprehensive feedback about all the lambs sold to processors, something members can use as a management tool in their target production systems.

## Where to next

Next we will be developing a communication strategy, to ensure members are fully informed of our progress and activities, along with ways to better service members.

As a young business, we have a conservative approach and in the first few years of trading we have concentrated on setting up the business and developing management systems. From now on, expanding our membership will be important, as critical mass will give us better marketing opportunities.

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